

GLOSSARY AND ABBREVIATIONS

Glossary

Accumulated Contributions

The sum of all the amounts deducted from the compensation of a member credited to his or her individual account in the Annuity Savings Fund, together with regular interest thereon, as provided in §16-25-21.

Annuity

Payments for life derived from the “accumulated contributions” of a member. All annuities shall be payable in equal monthly installments.

Average Final Compensation

The average final compensation of a member is used to calculate the member’s retirement benefit. It is the average of the highest three annual salaries in the member’s last 10 years of creditable service for which the member made contributions.

Beneficiary

Any person designated by a member to become, upon the death of the member, the recipient of a pension, an annuity, a retirement allowance or other benefit.

Correctional Officer

Any person certified as a correctional officer by the Alabama Peace Officers Standards and Training Commission.

Creditable Service

“Prior Service” plus “membership service” rendered since last becoming a member.

DROP Contract/Application

This form must be submitted to the TRS no more than 90 nor less than 30 days prior to the effective date of participation in DROP. This form will recite the terms of DROP and serve as the application for DROP.

DROP Participation Period

The period of time the member agrees to contract with the TRS under DROP. Election to participate in DROP must be for a minimum of three years but not more than five years.

Earnable Compensation

Earnable compensation is the full rate of compensation that would be payable to an employee if he or she worked the full normal work-time.

Employer

The state of Alabama, the county school board, the city school board, the State Board of Education, or any governing body of any private nondenominational school operated nonprofit for education of children of school age residing within a district where no public school is available for the children or any other agency of and within the state by which a teacher is paid.

Firefighter

Any firefighter employed with the State of Alabama, a municipal fire department, or a fire district who has a level one minimum standard certification by the Firefighters Personnel Standards and Education Commission.

Law Enforcement Officer

Any person employed with a state agency, department, board, commission or institution or a law enforcement officer employed by a local unit of the Teachers' Retirement System who is certified as a law enforcement officer by the Alabama Peace Officers Standards and Training Commission.

Member

Any employee included in the membership of the retirement system as provided in §16-25-1.

Medical Board

A medical board composed of three physicians not eligible to participate in the retirement system. The Medical Board shall arrange for and pass upon all medical examinations and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement.

Membership Service

Service rendered while a member of the retirement system and on account of which contributions are made.

Pension

Payments for life derived from money provided by the employer. All pensions shall be payable in equal monthly installments.

Public School

Any day school conducted within the state under the authority and supervision of a duly elected or appointed county or city board of education and any educational institution supported by and under the control of the state, or any private nondenominational school operated nonprofit for the education of children of school age residing within a district where no public school is available for the children.

Retirement

Retirement is an employee's withdrawal from active service with a monthly retirement allowance or optional benefit in lieu thereof granted under the law.

Retirement Allowance

Retirement allowance is the sum of the “annuity” and the “pension”.

Retirement Eligibility

A member is retirement eligible at age 60 with 10 or more years of creditable service or at any age with 25 or more years of creditable service.

Vesting

There is a 10-year vesting for TRS. Once a member has 10 years of service they qualify for specified benefits including a monthly retirement allowance when they become retirement eligible.

Abbreviations

COLA

Cost-of-Living Adjustment

DROP

Deferred Retirement Option Plan

ERS

Employees' Retirement System of Alabama

ITS

Information Technology Systems

JRF

Judicial Retirement Fund

PEEHIP

Public Education Employees' Health Insurance Plan

PEIRAF

Public Employees' Individual Retirement Account Fund (account is closed to new membership)

RSA

Retirement Systems of Alabama

RSA-1

RSA-1 Deferred Compensation Plan

SEIB

State Employees' Insurance Board

TRS

Teachers' Retirement System of Alabama